



Governor's Office of
Health Transformation

The Next Generation of Health Care: Payment Reform

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Ohio Association of Health Plans
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Federal Health Care Reform

"Affordable Care Act"

**"We are answering the call
of history"**

– President Barack Obama

**"National health reform will
save Maryland \$1 billion
over 10 years."**

– Governor Martin O'Malley

**41 percent of Americans
favor the new reform law**

– Kaiser Family Foundation

"Obamacare"

It's "Armageddon"

– Rep. John Boehner

**"Federal reform will increase
Virginia Medicaid spending \$1
billion over 12 years"**

– Governor Bob McDonnell

**43 percent of Americans do
not favor the new reform law**

– Kaiser Family Foundation

Sources: The White House, FOX News, Washington Post (March 21, 2010); and
Kaiser Family foundation *Health Tracking Poll* (conducted December 2011)

Ohioans spend more per person on health care than residents in all but 17 states¹

Rising health care costs are eroding paychecks and profitability

Higher spending is not resulting in higher quality or better outcomes for Ohio citizens

36 states have a healthier workforce than Ohio²

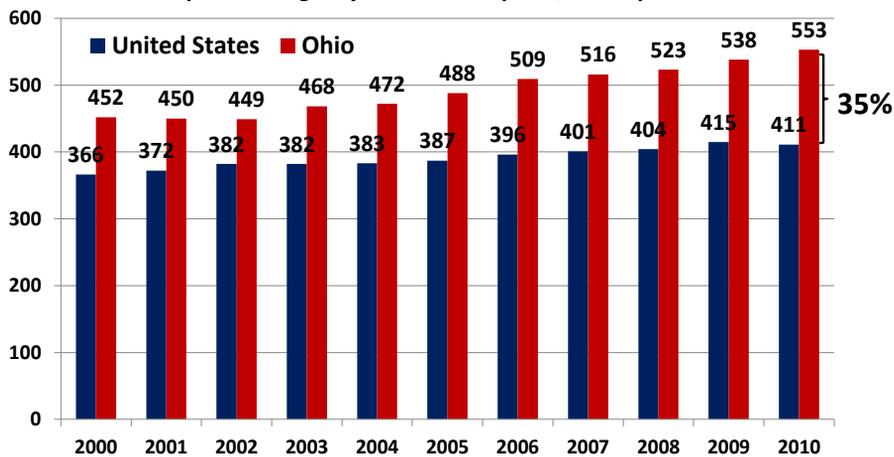


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Sources: (1) Kaiser Family Foundation State Health Facts (December 2011), (2) Commonwealth Fund 2011 State Scorecard on Health System Performance

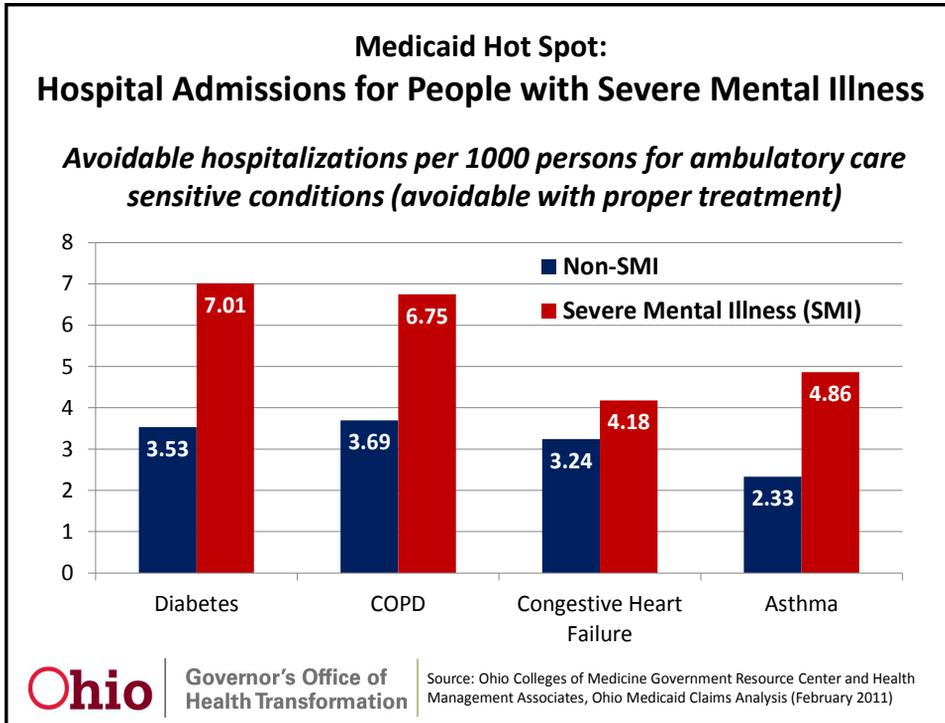
**Medical Hot Spot:
Emergency Department Utilization: Ohio vs. US**

Hospital Emergency Room Visits per 1,000 Population



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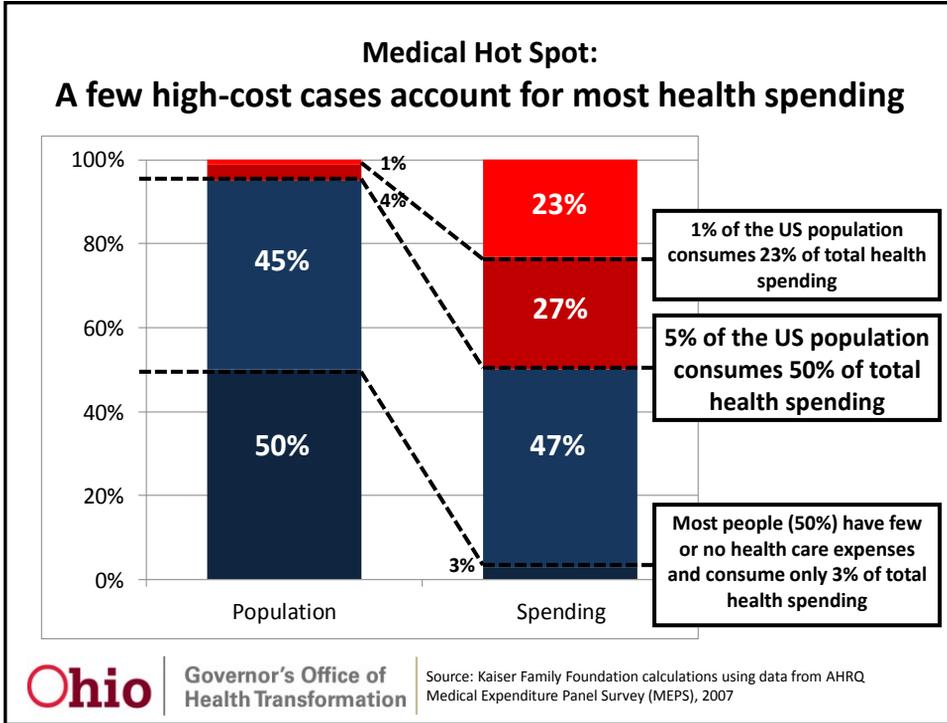
Source: Providers and Service Use, Emergency Department Use, at www.statehealthfacts.org



**Medical Hot Spot:
Per Capita Health Spending: Ohio vs. US**

Measurement	US	Ohio	Percentage Difference	Affordability Rank (Out of 50 States)
Total Health Spending	\$6,815	\$7,076	+3.8%	33
Hospital Care	\$2,475	\$2,881	+16.4%	36
Physician/Clinical	\$1,650	\$1,456	-11.8%	12
Nursing Home Care	\$447	\$610	+36.5%	43
Home Health Care	\$223	\$223	--	38

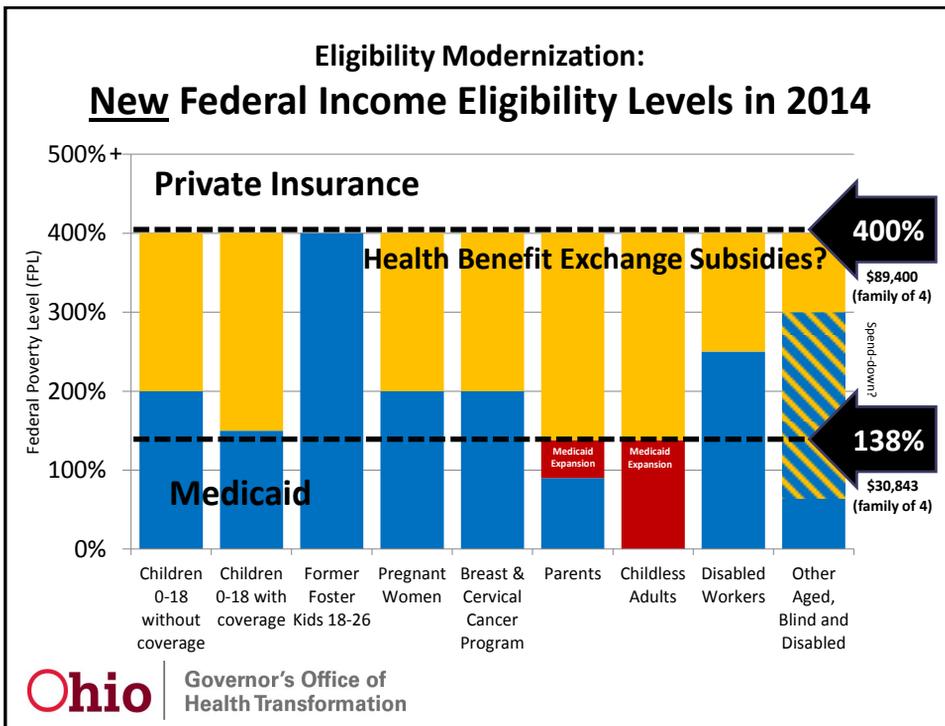
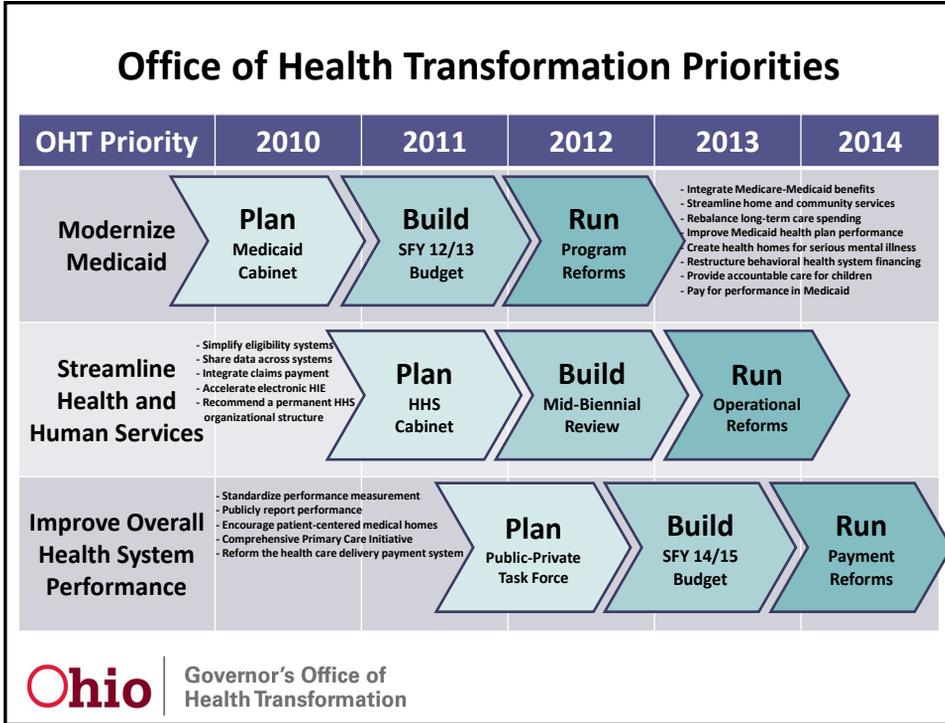
Ohio | Governor's Office of Health Transformation | Source: 2009 Health Expenditure Data, Health Expenditures by State of Residence, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, released December 2011; available at <http://www.cms.gov/NationalHealthExpendData/downloads/resident-state-estimates.zip>



Health Care System Choices

Fragmentation	vs.	Coordination
<ul style="list-style-type: none"> Multiple separate providers Provider-centered care Reimbursement rewards volume Lack of comparison data Outdated information technology No accountability Institutional bias Separate government systems Complicated categorical eligibility Rapid cost growth 		<ul style="list-style-type: none"> Accountable medical home Patient-centered care Reimbursement rewards value Price and quality transparency Electronic information exchange Performance measures Continuum of care Medicare/Medicaid/Exchanges Streamlined income eligibility Sustainable growth over time

Ohio | Governor's Office of Health Transformation | SOURCE: Adapted from Melanie Bella, *State Innovative Programs for Dual Eligibles*, NASMD (November 2009)



How can the State of Ohio leverage its purchasing power to improve overall health system performance?



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State of Ohio Health Care Purchasing Power

Department	Enrollment	Insurance Contracts (in millions)	Provider Contracts (in millions)	TOTAL (in millions)
Medicaid	2,100,000 ¹	\$5,112 ²	\$8,852 ³	\$13,964
Public Employee Retirement System	221,000	\$1,560 ⁴	--	\$1,560
Administrative Services	118,000 ⁵	\$522 ⁶	--	\$522
Workers Compensation	213,574 ⁴	--	\$779 ⁷	\$779
Rehabilitation and Corrections	50,250 ⁵	--	\$211 ⁷	\$211
TOTAL	2,702,824	\$7,194	\$9,842	\$17,036

Notes: (1) average monthly enrollment FY 2011, (2) private managed care plans, (3) includes Medicare premium assistance and Part D (an additional \$2.8 billion in Medicare spending for Medicare/Medicaid dual eligibles could potentially be managed by the State of Ohio), (4) CY 2010, (5) current population as of October 2011, (6) self insured and contract with third party administrators, FY 2010, (7) FY 2011



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Source: Office of Health Transformation survey of agencies (October 2011)

Catalyst for Payment Reform (CPR)

- Shared purchaser agenda on payment reform
- 3M, Boeing, CalPERS, Delta, Dow, eBay, Equity, FedEx, GE, Intel, Marriott, Safeway, Verizon, Wal-Mart, Xerox
- Ohio was the first Medicaid program to join, also PERS
- Writing CPR model contract language into January 2013 health plan contracts
- ***Overall goal: 20 percent of payment value-oriented by 2020 leading to improved health and contained costs***



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www.catalyzepaymentreform.org

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Six Health Plans Cover Most Ohioans

- WellPoint
- UnitedHealthcare
- Aetna
- Cigna
- Medical Mutual
- CareSource



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Source: Milliman Inc. prepared for the Ohio Department of Insurance (August 31, 2011) and Ohio Medicaid managed care enrollment reports (October 2011)

Ohio's Top Employers

Rank	Company	Estimated Ohio Employment	Headquarters
1	Wal-Mart	52,275	Bentonville, AR
2	Cleveland Clinic	39,400	Cleveland, OH
3	Kroger	39,000	Cincinnati, OH
4	Catholic Health Partners	30,300	Cincinnati, OH
5	Ohio State University	28,300	Columbus, OH
6	Wright-Patterson	26,300	Dayton, OH
7	University Hospitals	21,000	Cleveland, OH
8	JP Morgan Chase	19,500	New York, NY
9	Giant Eagle	17,000	Pittsburgh, PA
10	OhioHealth	15,800	Columbus, OH
11	Meijer	14,400	Grand Rapids, MI
12	Premier Health Partners	14,070	Dayton, OH



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Source: Ohio Department of Development (September 2011)

What will deliver better health for Ohioans and cost savings for Ohio businesses?

- Patient-Centered Medical Homes?
- Health Homes?
- Accountable Care Organizations?
- Managed Care Organizations?
- P4P or Bundled Payments or Global Payments?
- Market Competition?
- Other innovations?



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